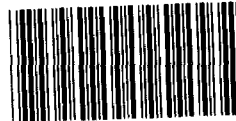


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United States
General Accounting Office
Washington, D.C. 20548

General Government Division
B-253267



149249

May 25, 1993

The Honorable J.J. Pickle
Chairman, Subcommittee on Oversight
Committee on Ways and Means
House of Representatives

Dear Mr. Chairman:

At your request, we reviewed the Internal Revenue Service's (IRS) Information Systems Management (ISM) organization (formerly known as Computer Services) to assess its management of resources. ISM provides comprehensive data processing support for IRS, including development and maintenance of the automated systems vital to tax return processing and tax administration. As shown in enclosure I, ISM has about 4,400 authorized positions, including 1,865 computer specialists. ISM's fiscal year 1993 budget was \$294 million, about 20 percent of IRS' \$1.48 billion information systems budget.

Several events have transpired or are in process that bear on the issues covered by your request. First, IRS, in response to your inquiry about allegations from IRS employees, developed an action plan for ensuring proper utilization of computer resources. As shown in enclosure II, IRS has completed 9 of the plan's 10 actions. Through these actions--memoranda, newsletters, and training--IRS has established a basic policy prohibiting the personal use of government computers for purposes that do not support IRS' mission.

To improve employees' ADP skills and help them become more computer literate, ISM policy allows employees to use government computers for nonmission-related purposes during light workload periods in the office and at home. According to IRS' Office of General Legal Services, uses that are not official government business must be authorized in accordance with statute or regulation. Generally, these are cases in which the government derives some benefit. For example, allowing the preparation of a paper for presentation at a conference benefits the government by encouraging employee participation in professional associations.

GAO/GGD-93-37R IRS' ADP Organization

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The one uncompleted action cited in enclosure II involves establishment of a formal policy statement on the approved use of computers by IRS employees. A draft statement was distributed for coordination within IRS on October 3, 1991. As of March 31, 1993, IRS was negotiating the proposed policy with the National Treasury Employees Union, and it had not been approved by the Commissioner.

Second, in October 1992, IRS reorganized ISM's two systems development divisions into three divisions--input systems, corporate systems, and case systems. The reorganization was initiated to restructure ISM's systems development activities to correspond respectively to the major areas of Tax Systems Modernization--data input, accounts update and management, and case processing. Although the reorganization was not aimed specifically at increasing efficiency, the redistribution of responsibilities that resulted could improve ISM's operations.

IRS is considering further restructuring of its information systems functions--the Office of Information Systems Development and ISM--as part of a comprehensive business study of National Office operations. Objectives of the restructuring include (1) improved customer service, (2) reduced levels of management, and (3) more efficient operations. IRS officials expect to achieve a significant consolidation of information systems activities in the National Office by October 1993.

Third, in September 1992, ISM initiated a study of IRS' ability to deliver projects that employ advanced systems development technologies and methods. This self-assessment is being conducted with contractor assistance and according to guidelines developed by the Software Engineering Institute of Carnegie Mellon University. When completed in September 1993, ISM officials expect to have a baseline assessment of ISM's systems development capability and an action plan for correcting deficiencies in systems development.

Finally, in August 1992, IRS' Internal Audit Division completed a study in which it found a need for improvements in information systems planning for projects undertaken by ISM as well as improvements in ISM's management and control of software development resources, budgets, and costs. These findings are especially significant considering IRS' intent for ISM to have a key role in Tax Systems Modernization. As of May 6, 1993, ISM was preparing a formal response to the Internal Audit Division's draft report.

In response to your request, we reviewed IRS computer and staff management policy and discussed ISM's resource management policies and procedures with ISM managers and staff. We interviewed programmers and team leaders in two of ISM's three

systems programming divisions as well as systems coordinators in Examination, Collection, and Returns Processing. We also reviewed ISM's workload management process.

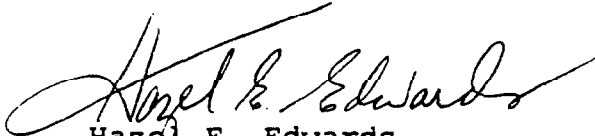
Generally, our work did not identify specific examples of underutilized staff. However, we met with an ISM employee who alleged that an information system's implementation was being delayed and that skilled staff assigned to the project did not have productive work to do. In the restructuring of the information systems functions discussed above, ISM officials have emphasized IRS' commitment to a total reexamination of the information systems organization. Changes such as those envisioned by IRS should help it identify and address situations in which staff are not being used productively.

We would be unable to properly evaluate the pending IRS actions for several months. Therefore, as agreed with your office, we will not be doing further work in response to your request at this time.

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We are sending copies of this letter to various congressional committees, the Secretary of the Treasury, and the Commissioner of Internal Revenue. Copies will be made available to others upon request. If you have any questions about our study, please contact me at (202) 272-7904.

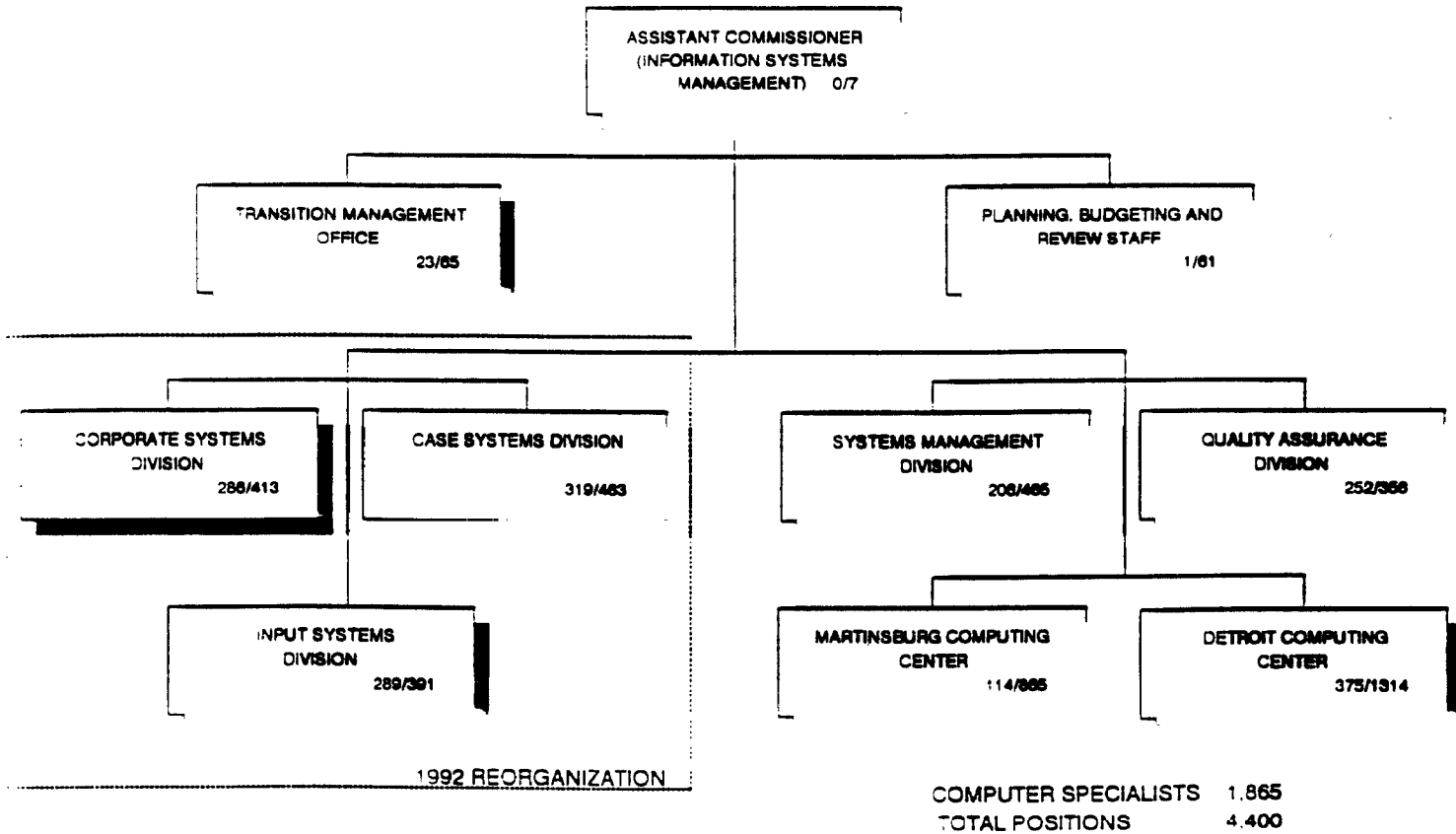
Sincerely yours,



Hazel E. Edwards
Associate Director, Tax Policy and
Administration Issues

Enclosures - 2

INFORMATION SYSTEMS MANAGEMENT:
ORGANIZATION AND AUTHORIZED STAFFING^a



^aThe first number in each block is the number of nonsupervisory computer specialists, grade GS-13 and below; the second number is the total number of staff in that organization.

Source: IRS; staffing levels computed by GAO from IRS staffing charts.

ISM ACTION PLAN
TO ENSURE PROPER UTILIZATION OF COMPUTER RESOURCES

Action item	Status
1. Hold a conference for ISM senior executives to discuss use of computer equipment and future action items.	Complete
2. Issue memorandum to all ISM employees outlining guidelines on use of computer equipment.	Complete
3. Prepare an IRS policy statement on use of computer equipment.	In process
4. Review Program Development System printouts to ensure proper use of system.	Complete
5. Revise Detroit Computing Center technical training classes to incorporate information on use of computer equipment.	Complete
6. Redesign Computer Resources Management System data base to indicate home use of computers.	Complete
7. Publish ISM newsletter article on use of computer equipment.	Complete
8. Offer continuing professional education session on proper utilization of computer resources.	Complete
9. Revise Management Development Program to add training module on use of computer equipment.	Complete
10. Revise computer programmer training to incorporate information on security and use of computer equipment.	Complete

Source: IRS letter to the Chairman, Subcommittee on Oversight, House Committee on Ways and Means, Oct. 12, 1990, and information obtained from IRS.

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